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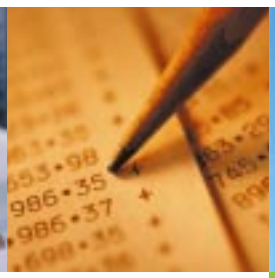

ENVIRONMENTAL SOCIAL ECONOMIC

KPMG International Survey of Corporate Sustainability Reporting 2002

KPMG International Survey of Corporate Sustainability Reporting 2002

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Corporate Sustainability Reporting 2002

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June 2002

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1 Executive summary

The KPMG International Survey of Corporate Sustainability Reporting 2002 is the latest in KPMG's triennial surveys that was initiated in 1993. The survey covers environmental, social and sustainability reports from a total of almost 2000 companies, including the top 250 companies of the Global Fortune 500 companies (GFT250) and the Top 100 companies in 19 countries (Top 100). This survey has been expanded from previous year's surveys on environmental reporting to reflect the current trends in sustainability reporting.

The results of the survey demonstrates that sustainability reporting and the verification of these reports by the GFT250 and Top 100 companies is becoming mainstream business. Reporting practices are no longer restricted to sectors with a high environmental impact in Western countries, but also in non-industrial sectors and other regions.

The survey results show that there has been a significant increase in the number of companies issuing environmental, social or sustainability reports, in addition to their annual financial reports. In 2002 almost half of the GFT250 (45%) and just under a third of the Top 100 companies (28%) produce these reports compared to 35% and 24% in 1999 respectively.

Reporting rates for companies issuing environmental, social or sustainability reports tend to be highest in countries with large corporations like the USA, Japan, Germany, France and UK. The reporting rates are also relatively high in sectors such as chemicals & synthetics (100%), pharmaceuticals (86%), electronics & computers (84%), automotive (73%) and oil & gas (58%) within the GFT250. Reporting rates are now also increasing in other sectors and emerging economies. It is notable that the largest increases in reporting rates, since 1999, occurred in some countries that since 1999 have experienced (or are about to experience) mandatory reporting or disclosure requirements. This could be a driver for example in France where, from 2002, French companies listed on the stock exchange are required to report on their environmental and social performance.

The proportion of reports verified by independent third parties is also rising. A quarter of reports were verified, demonstrating the emphasis that companies put on the reliability and credibility of published information. The major accountancy firms perform 65% of these verification activities.

Along with the increasing number of companies reporting, there is a greater diversity in the types of reports issued. The majority of the reports are health, safety and environmental ((HS)E) reports. However, there is an increasing focus on social issues, like community involvement, equal opportunity, workforce diversity, human rights, supplier relations, child labour, freedom of association, and fair trade. In addition, an increasing number of companies produce sustainability reports that integrate social, environmental and economic performance. We expect this trend to be continued in the following years and for sustainability reporting to become more integrated into business practice.

The wider groups of stakeholders are important to companies. This is shown by the inclusion of stakeholder statements, staff surveys, community panels and fora as the most common forms of stakeholder engagement.

Partnerships with non-governmental organisations (NGO's) have become important and they are referred to nearly as many times as partnerships with other businesses. We also observed that the percentage of corporate reports available on line (81%) is nearly as high as the percentage of reports available in hard copy format (85%), indicating the growing importance of the Internet as a stakeholder communication tool.

KPMG

2 Foreword

Since the publication of our international survey of corporate environmental reporting in 1999, there have been significant changes in the number, scope and quality of (HS)E, social or sustainability reports. Reporting is becoming mainstream for big corporations with 45% of Global Fortune Top 250 companies now publishing an (HS)E, social or sustainability report. The focus of these reports is shifting from reporting on (HS)E to combined environmental, social and economic reports, and an increasing number of reports are externally verified. Companies have also adopted new approaches to reporting, including web-based reporting, developing reports for specific stakeholder groups or issues, and preparing 'shadow accounts' that incorporate social and environmental costs.

For a variety of reasons, sustainability, corporate social responsibility, triple bottom line and/or Triple P (people, planet, profit) are receiving attention in the international business community. Reporting companies are identifying a widening group of stakeholders, including shareholders, investors, employees, customers, neighbouring communities, governments and NGOs, as well as the general public. These stakeholder groups are putting pressure on companies to report on social and (HS)E performance as well as their financial results.

Governments of a number of the countries surveyed have responded to stakeholder pressure by introducing mandatory disclosure/reporting requirements for companies. The finance sector, realising the link between social and environmental performance and the financial bottom line, is increasingly assessing companies on their sustainability risks as part of investment decisions. Many companies are eager to be listed on new indexes, for example, the Dow Jones Sustainability Group Index and the FTSE4Good Index, which in turn raises their profile in financial markets. The socially responsible investment (SRI) sector has experienced dramatic growth during the past few years, particularly in the USA and Europe. If this trend continues, sustainability will become a major deciding factor for future access to equity capital and investments.

Many surveyed companies report that embracing sustainability can enhance business performance, including:

- Reducing operating costs and improving efficiency;
- Developing innovative products and services for access to new markets;
- Improving reputation and brand value through integrity management;
- Recruiting and retaining excellent people;
- Gaining better access to investors' capital;
- Adding to the stock value of the company through the financial market's appreciation of good sustainability performance;
- Reducing a company's liabilities through integrated risk management.

We anticipate that sustainability reporting and verification will become good business practice and that this will bring new challenges to companies. Examples include: demonstrating company values and ethical behaviour; implementing good corporate governance processes in management of reputational risk; ensuring transparent processes; integrating environmental and social aspects into core business processes other than reporting; engaging stakeholders in the reporting and verification process and other business activities that affect them.

We hope that our survey will assist companies around the world in further building the business case for sustainability and sustainability reporting. KPMG continues to provide support in this area, with more than 350 sustainability professionals in 27 countries.

Professor George Molenkamp
Partner, KPMG Global Sustainability Services, The Hague

3 Introduction to the 2002 survey

The KPMG International Survey of Corporate Sustainability Reporting 2002 is the latest in KPMG's tri-annual series of international surveys of sustainability reporting that was initiated in 1993. This survey was conducted by KPMG Global Sustainability Services practices in 19 countries, with support from the University of Amsterdam, the Netherlands. We believe it to be one of the most comprehensive global surveys of sustainability reporting undertaken to date.

3.1 Sustainability and sustainability reporting

The previous KPMG surveys covered environment or health, safety and environment (HS)E reporting. Social and sustainability reporting has only emerged in recent years. Companies, including major multinationals, are working towards a balance between their financial/economic, environmental and social performance, and are starting to report in all three areas. The Global Reporting Initiative (GRI) sustainability reporting guidelines and the organisation of the World Summit on Sustainable Development in 2002, confirm this ongoing trend towards integration. In line with the global trend to expand reporting, this survey includes environmental, health and safety, social, community, and sustainability reports and combinations of these[1]. These reports are referred to in this survey as '(HS)E, social and sustainability reports' or simply 'corporate reports'. Corporate annual financial reports are referred to as 'financial reports'.

3.2 Survey methodology

The survey separately analysed reporting by the top 250 companies of the Global Fortune 500 companies (GFT250)[2] and the Top 100 companies in 19 countries (Top 100): Australia, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Hungary, Italy, Japan, Netherlands, Norway, Slovenia, South Africa, Spain, Sweden, United Kingdom, United States[3]. The companies were approached between November 2001 and February 2002 for a copy of their most recent environmental, social or sustainability report, or combinations of these, and for a copy of their financial report. In addition, information was downloaded from their websites. Most reports included in this survey were published in 2001 (covering calendar year 2000 or the 2000/2001 financial year). There were some exceptions due to differences in reporting years between companies and countries, or due to companies reporting bi-annually. Brochures and other publicly available information materials were excluded from the survey, and website information was considered separately.

The response rate to the survey was more than 96% for the GFT250 and 97% for the Top 100. The remaining 4% and 3% respectively of companies were assumed not to have a report, or have not included environmental or social information in their financial report. The reports, for both the GFT250 and Top 100 for the 19 countries surveyed, were analysed by country, sector and the level and type of reporting. Where feasible, a trend analysis is provided against the previous KPMG surveys. In addition, a summary of changes in reporting since 1999 has been documented for the GFT250 companies and for the Top 100 companies in the 11 countries, which were surveyed in 1999 and previously (Appendix A).

Novo Nordisk

Environmental and Social report 2000, "Value in a global perspective"
"Integrate environmental, bioethical, social considerations into management decisions to ensure that all decisions contain a balance of financial, environmental, bioethical and social perspectives and consequences". "We face many ethical challenges. Being a successful business in the long term - not just in the short term - requires no less than full accountability". "We think that environmental pressures seen as environmental costs are likely to be increasingly priced and integrated into economy." http://www.novonordisk.com/

[1] For this survey, consistent with the GRI guidelines, we have defined sustainability reports as reports that include quantitative and qualitative information on their financial/economic, social/ethical and environmental performance in a balanced way.
[2] Based on the Global Fortune 500 List published in July 2001 (ranked by revenue).
[3] Based on nationally published lists of largest companies.

3.3 Contents of the report

The results of the analysis of the GFT250 are in Section 4. Section 5 contains the analysis of the Top 100 in the 19 countries, which participated in this survey. Section 6, reviews verification and current developments. Section 7, is focused on specific key issues; greenhouse gas emissions, biodiversity, social topics and social performance indicators, standards and guidelines, stakeholder interaction, codes of conduct, partnerships and business drivers for sustainability and sustainability reporting. In Appendix A, the 2002 survey is compared with previous years' surveys and in Appendix B an overview is given of the Fortune sectors used in the survey. The survey reviews the mandatory reporting requirements in the countries covered, and provides an update on changes since the 1999 survey (Appendix C). There are a number of standards and guidelines available for reporting, both internationally and by country; these are tabulated in Appendix D.

4 Corporate reporting by the Global Fortune Top 250

4.1 Overview

Our 2002 survey shows that more GFT250 companies are, in addition to their annual financial report, preparing reports on their sustainability performance. It shows also that there is a trend towards reporting on more than just (HS)E performance. Of the GFT250 companies we surveyed, 45% (112 companies) published a separate corporate report on their performance, compared to 35% (88 companies) in 1999 (Figure 1).[4] This analysis shows a relative increase of about 29% in the number of companies publishing reports, compared with 1999. From the 112 companies that issue a report of these 16 issued sustainability reports.

The results on the types of corporate reports that companies are issuing (Figure 2) shows that the (HS)E report is still the most prominent type of report (73%), but other types of reports are emerging, including sustainability reports (14%), combined environmental and social reports (10%), social and combined social and financial reports (3%).

Figure 1 Corporate reporting GFT250 (1999, 2002)

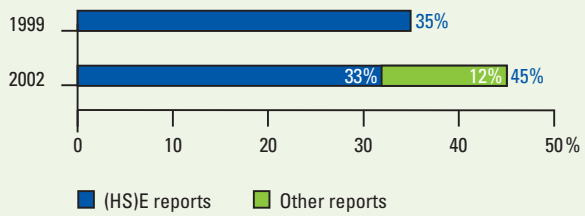
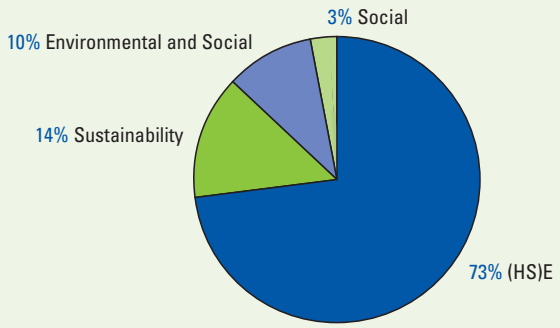


Figure 2 Different types of corporate reports GFT250 (2002)



Rio Tinto, one of the world's largest mining and minerals processing companies, publishes a wide range of reports to meet different stakeholder needs. These include annual reports and social and environmental reports at corporate and business unit level, reports on partnership initiatives under the company's 'Business with Communities programme', and essays on Rio Tinto's sustainability activities as part of the Global Mining Initiative. http://www.riotinto.com

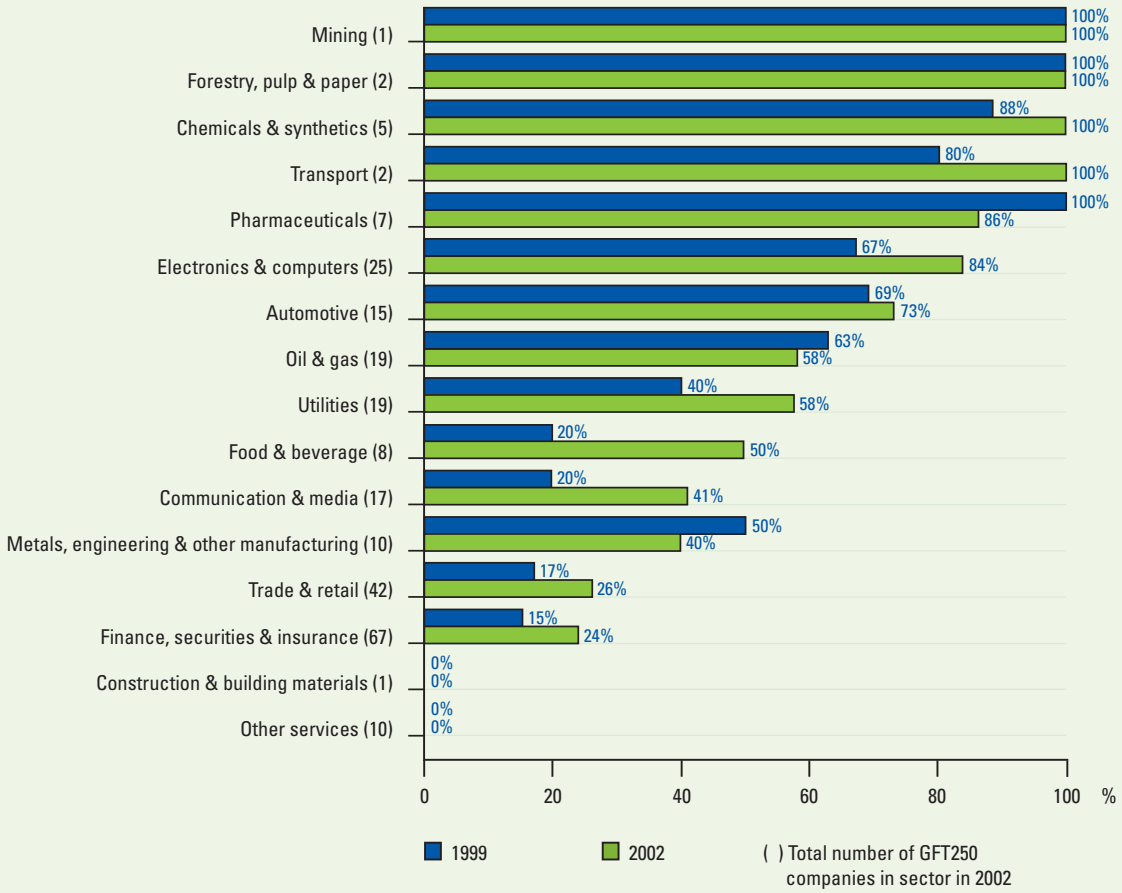
[4] 112 companies in the GFT250 have issued 114 corporate reports. Two companies published both a (HS)E report and a combined social and financial report.

4.2 Sector results Global Fortune Top 250

Corporate reporting by different sectors in the GFT250 in 1999 and 2002 is shown in Figure 3. The typical industrial sectors with a relatively high environmental impact have maintained the leading position since the 1999 survey and include: chemicals & synthetics (100%), pharmaceuticals (86%), electronics & computers (84%), automotive (73%) and oil & gas (58%).[5] Reporting on sustainability issues is an emerging trend for sectors that are not considered to have a high environmental impact, in particular food & beverage, communication & media and finance.

This suggests that the behaviour of leading sectors is now trickling through to those sectors that were lagging behind in the 1999 survey. Some sectors show a decrease in reporting, this decrease could be attributed to growth, mergers and acquisitions, which could have resulted in the core business of some reporting companies changing, placing them in a different category than in the survey of 1999.

Figure 3 Percentage of GFT250 companies with a corporate report by sector (1999, 2002)



[5] The number of companies per sector in the GFT250 (provided in Figure 3 by figures between brackets) varies considerably. Some sector samples were too small to make a meaningful statement, including transport, construction and building materials, forestry, pulp & paper, and mining.

The finance sector is the largest sector in the GFT250 with the largest number of companies (67) surveyed. Reporting in this sector has increased from 15% in 1999 to 24% in 2002, but is still relatively low compared to other sectors. If the finance sector is excluded, the reporting rate increases to 52% for the remaining GFT250 companies.

4.3 Country results Global Fortune Top 250

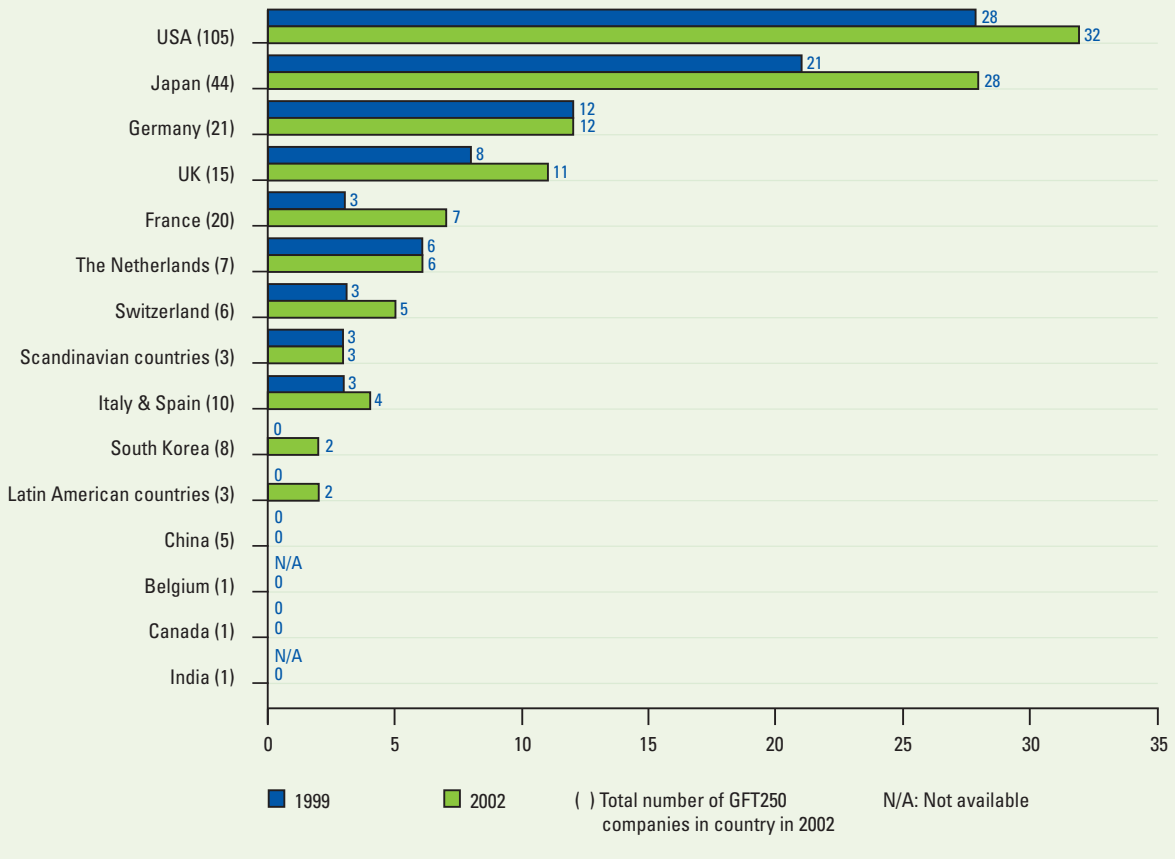
The majority of the GFT250 are based in the USA, Japan, Germany, France and the UK. Figure 4 shows the reporting rates for the 20 countries covered by the GFT250. These countries have the highest numbers of reporting companies.

However where the proportion[6] of reporting within each country is reviewed then the Netherlands (86%), Switzerland (83%) and the UK (73%) have the highest.[7]

It is noteworthy that most countries have shown an increase in the number of reporting companies since 1999, in particular Japan (+7), the USA (+4) and France (+4).

Countries, which have a track record of corporate reporting, are still in the strongest position in terms of issuing reports. However, corporate reporting is now emerging in countries and regions where reporting has not been common practice such as in Latin America.

Figure 4 Number of GFT250 companies with a corporate report by country (1999, 2002)



[6] This is the number of reporting companies per country divided by the total number of GFT250 companies in that country.
[7] Some country samples were too small to make meaningful statements, including Belgium, the Latin American countries, Canada, the Scandinavian countries and India.

5 Corporate reporting by the Top 100 companies in 19 countries

5.1 Overview

Of the 1,900 companies across 19 countries included in the 2002 Survey, 23% (440 companies) produced a corporate (HS)E, social or sustainability report[8] and 16% published a purely environmental or (HS)E report (Figure 5). When only the 11 countries[9] that participated in the 1999 survey are included within the 2002 analysis, the reporting rate is 28% (310 companies) and 18% for purely environmental or HSE.[10] The difference is caused by the participation of 'emerging' countries in the 2002 survey, including Greece, Slovenia, Hungary and South Africa that still have relatively low reporting rates.

The results in Figure 6 show that companies are increasingly incorporating social and economic issues in their (HS)E reports, which mirrors the results for the GFT250 companies. Sustainability reporting is highest in Canada (8 out of 19), USA (7 out of 36) and Germany (6 out of 32).

Figure 6 Different types of corporate reports, Top 100 in 19 countries (2002)

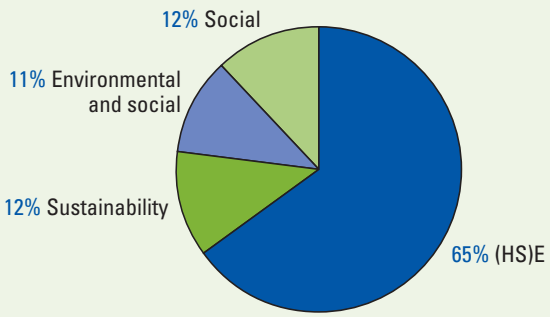
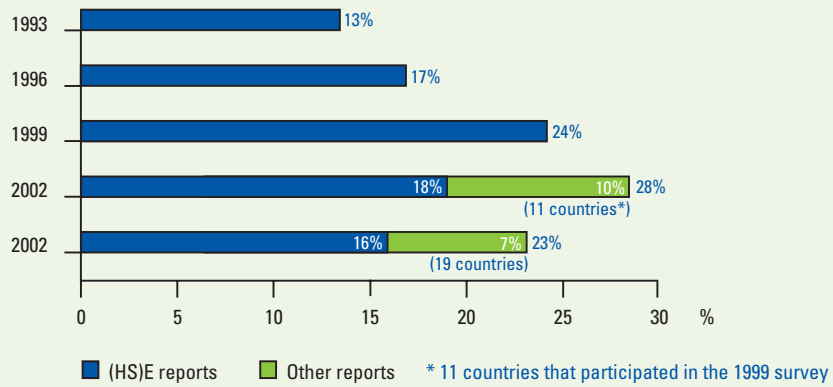


Figure 5 Corporate reporting Top 100 (1993, 1996, 1999 and 2002)

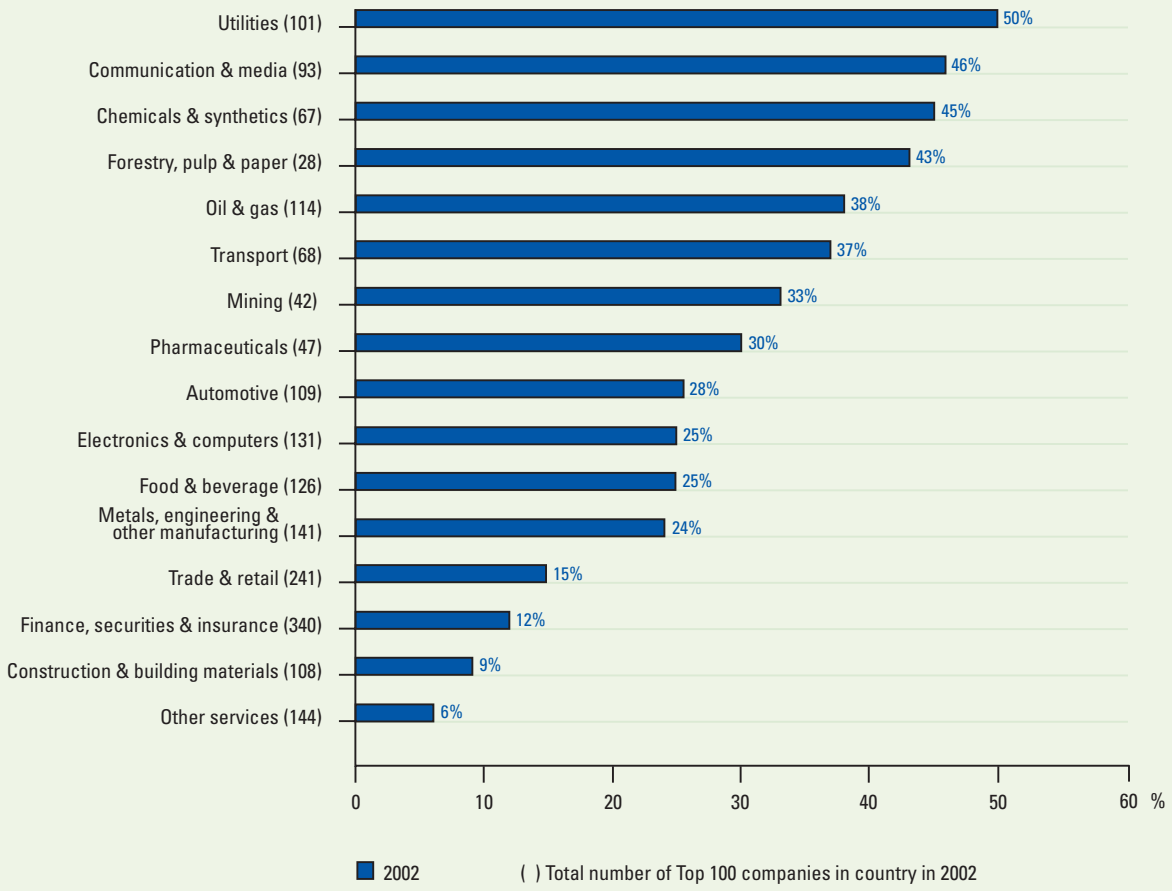


[8] Of 1,900 companies, 440 have issued 469 corporate reports in total. Some companies published more than one corporate report.
[9] Australia, Belgium, Denmark, Finland, France, Germany, The Netherlands, Norway, Sweden, UK and USA.
[10] Of 1,100 companies, 310 have issued 331 corporate reports in total. Some companies published more than one corporate report.

5.2 Sector results

Corporate reporting by different sectors in 2002 is shown in Figure 7.[11] The utilities sector leads with 50% of companies reporting, followed by communications & media (46%), chemicals & synthetics (45%) and forestry, pulp & paper (43%). Sectors where reporting is below 20% include, trade & retail, finance, construction & building materials and other services sectors. This confirms that sectors with more established reporting practices are still leading.

Figure 7 Corporate reporting by sector, Top 100 in 19 countries (2002)

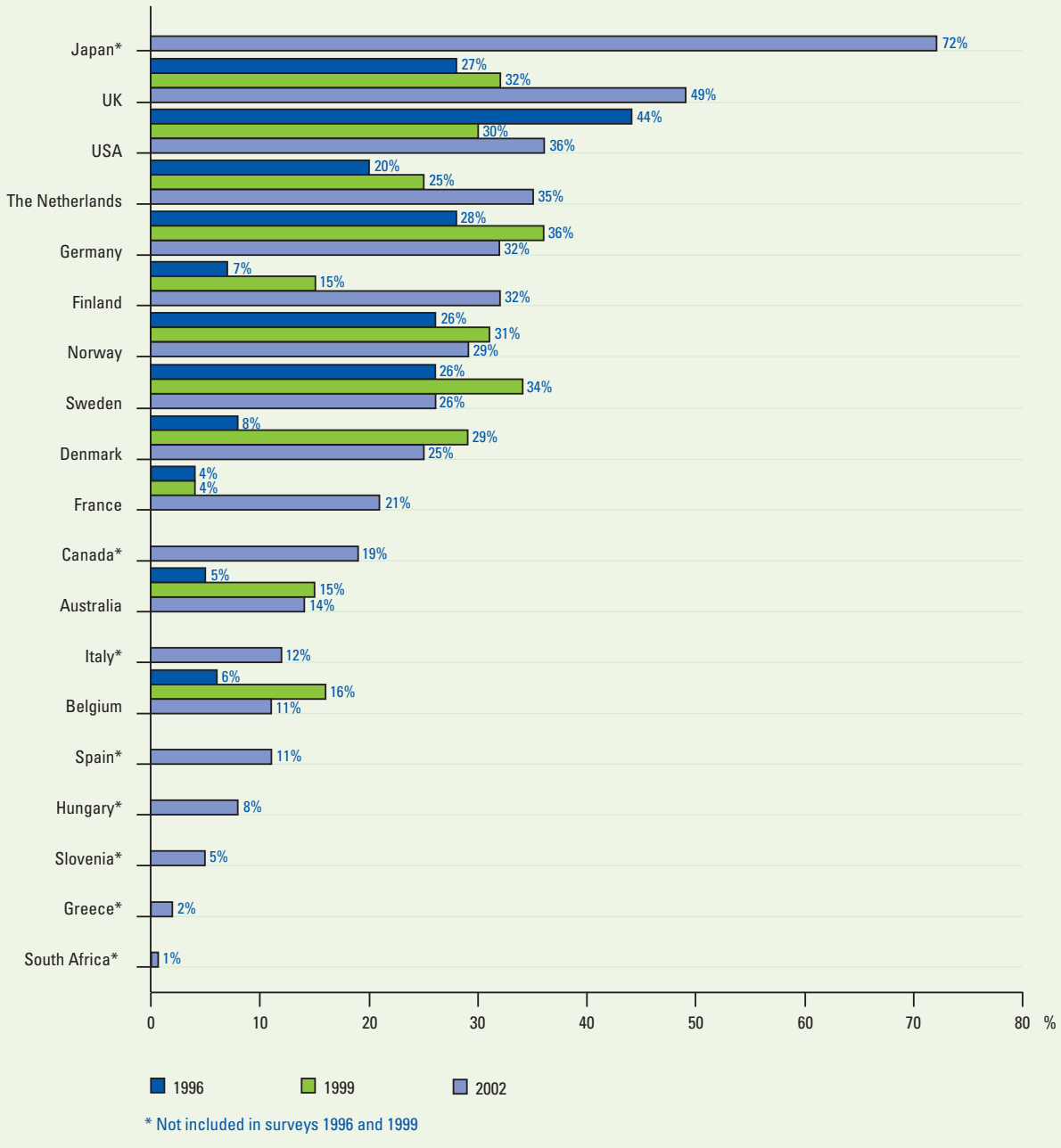

Utilities (101) 50%
Communication & media (93) 46%
Chemicals & synthetics (67) 45%
Forestry, pulp & paper (28) 43%
Oil & gas (114) 38%
Transport (68) 37%
Mining (42) 33%
Pharmaceuticals (47) 30%
Automotive (109) 28%
Electronics & computers (131) 25%
Food & beverage (126) 25%
Metals, engineering & other manufacturing (141) 24%
Trade & retail (241) 15%
Finance, securities & insurance (340) 12%
Construction & building materials (108) 9%
Other services (144) 6%
0 10 20 30 40 50 60 %
2002
( ) Total number of Top 100 companies in country in 2002

[11] No comparison was made with 1999 data, partly because of the inclusion of an additional seven countries and partly because of mergers and acquisitions that affected certain sectors.

5.3 Country results

The results of corporate reporting by country are shown in Figure 8. Japanese companies published most (HS)E, social or sustainability reports (72%), followed by the UK (49%). Within the USA, the Netherlands, Finland and Germany around 30%-40% of companies report. The lowest reporting rates were found for 'emerging' countries, including Greece, Hungary, Slovenia and South Africa.

Figure 8 Corporate reporting by country, Top 100 in 19 countries (1996, 1999, 2002)



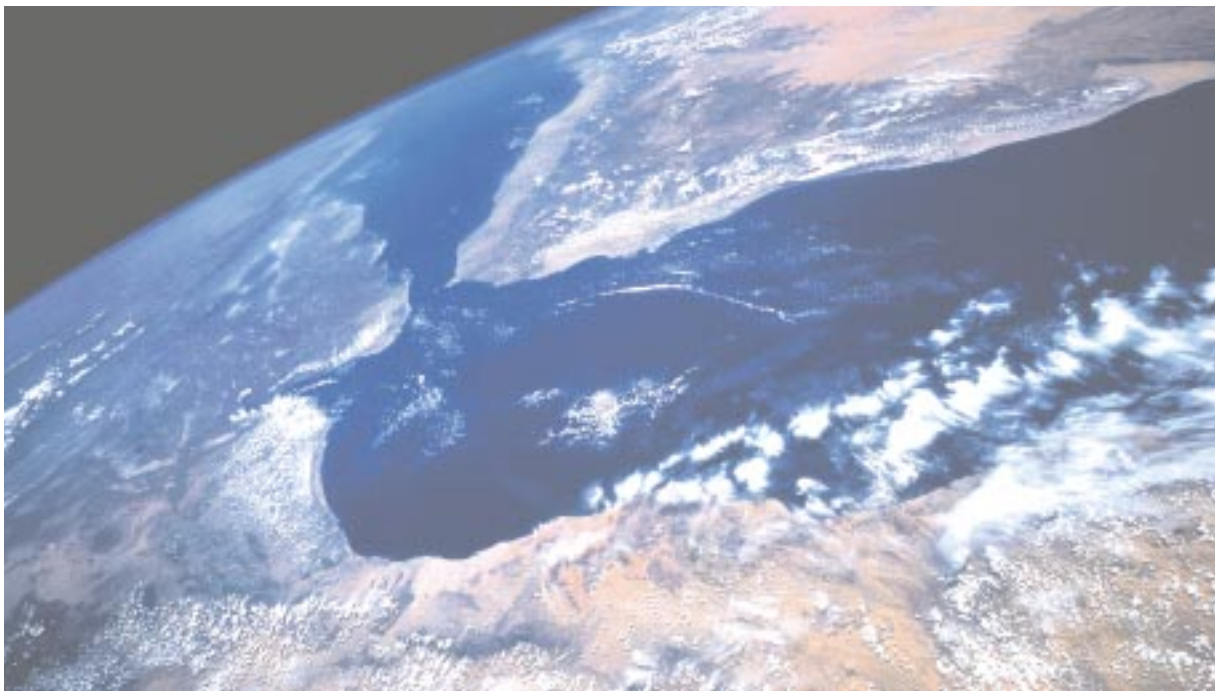
* Not included in surveys 1996 and 1999

In some countries certain developments might enforce or endorse the reporting activities. For example, in France with effect from 2002, French companies listed on the stock exchange are required to report on their environmental and social performance, which has probably contributed to the steep increase in reporting. In Japan, companies have adopted environmental reporting and indicator guidelines, issued by the Japanese government in 2001, which has encouraged more companies to report in a similar fashion. The rapid growth in socially responsible investment (SRI) and introduction of SRI indexes (for example Dow Jones Sustainability Group Index and the FTSE4Good Index) in the USA and several European countries may also have been a contributory factor.

Compared with 1999, the countries that have shown the largest increase in the number of companies reporting are the UK where the reporting rate has increased from 32% to 49%, Finland, which has increased from 15% to 32%, and France from 4% to 21%. The reporting rate has decreased in Sweden, Belgium, Denmark, Germany, Norway and Australia. A reason for this decrease could be that several reporting companies from 1999 have since been subject to mergers, acquisitions and liquidations, and could have been replaced by non-reporting companies. Another reason is that the Top 100 list of some countries, such as Sweden, included companies with head offices abroad but which did not produce a national report.[12]

Royal Philips Electronics

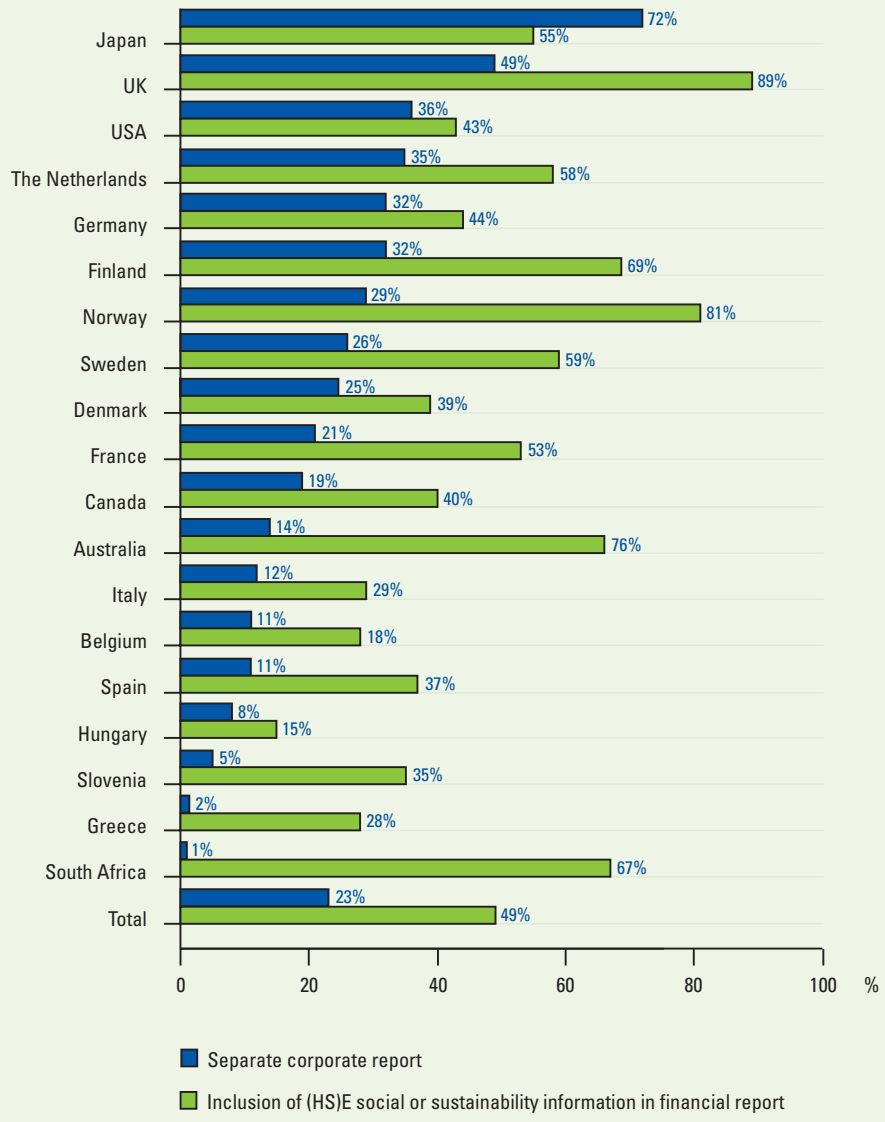
Environmental Report 2001 "Philips recognises that good environmental policy makes for good economic and social policy. It has therefore integrated its environmental policy into its products and processes, taking into account the entire life cycle of those products. Philips is committed to becoming the world's leading eco-efficient company in the electronics and lighting industry. To realise this vision, the company initiated a pragmatic approach. EcoDesign, the product-related component of the approach, is about embedding environmental issues in product policy and strategy from the very beginning. In 2001, 51% of the company's products were EcoDesigned." www.philips.com



[12] The methodology of the Survey ensures that a corporate report is only taken into account once and, therefore, it is analysed by the country where headquarters are located, in order to avoid double counting.

Figure 9 compares, for each country, the inclusion of (HS)E, social or sustainability information in financial reports and the publication of separate reports. For inclusion of information in the financial reports the UK has the most with 89%, followed by Norway (81%), Australia (76%) and South Africa (67%). Norway and Australia have legislation that requires that certain companies include environmental information in their financial reports.

Figure 9 Corporate reporting by country, Top 100 in 19 countries: inclusion of information in financial reports and separate reports (2002)



Availability of reports

Of the corporate reports, 85% were available in hard copy and 81% were available on the Internet. The percentage of reports available on the Internet in a downloadable format is almost as high as for hard copy documents. Publishing online is by far the quickest, easiest and cost-effective method to keep numerous worldwide and, perhaps, anonymous stakeholders informed about company performance. This is quite relevant since we have observed that, despite all the efforts some companies put into producing sustainability reports, they do not 'market' these reports. Distribution of the reports amongst stakeholders is often poorly targeted and follows the same patterns as that of the financial report. Publishing reports on the Internet may help to overcome this. We do not expect that web reporting will completely replace printed versions of an annual report. The report is a part of corporate image and reading it on screen or printing out lessens the impact. In addition, the Internet may not be accessible for all stakeholders. We expect that more companies will choose the best of both worlds in the future: producing shorter printed versions of the report in combination with more comprehensive website reporting.

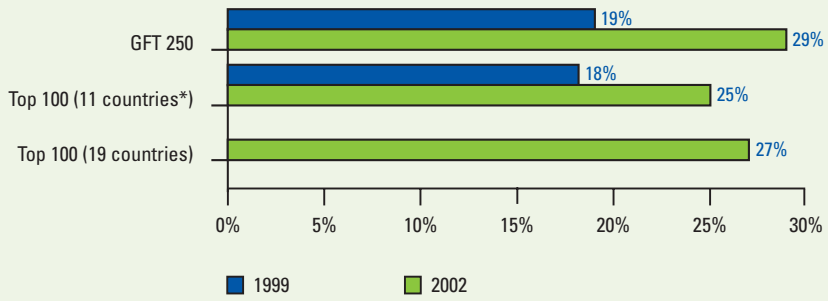
6 Verification of corporate reports

6.1 Overview

The rise in reporting on environmental and social performance in separate reports, or integrated with financial reports, reflects the increasing importance of this information to management and external stakeholders. This goes hand in hand with the demand for reliable and credible information from management, for managing the company's environmental and social risks, and from stakeholders who want assurance that the report truly represents the company's efforts and achievements.

Our survey reflects this view, showing a significant increase in the number of companies that have their report verified by third parties. In 2002, of the 112 GFT250 companies that issued a report, 33 (29%) had their report independently verified, compared with 19% in 1999. Similarly, 117 (27%) of the 440 companies from the Top 100 in 19 countries included a third-party verification statement, compared with 18% in 1999 (Figure 10).

Figure 10 Percentage of reporting GFT250 and Top 100 companies with verified reports (1999, 2002)



* 11 countries that participated in 1999 survey

6.2 Sector results

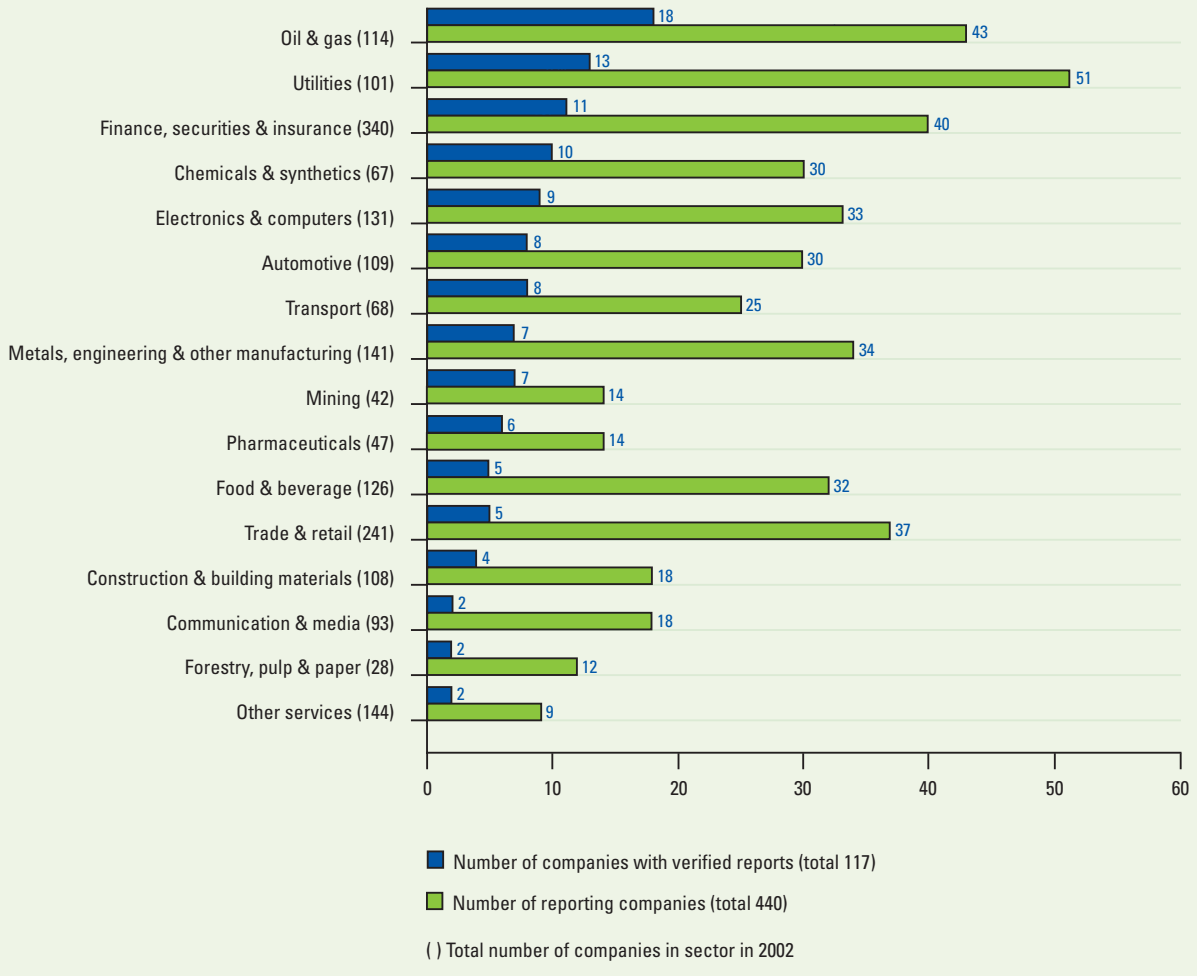
Top 100

Most Top 100 companies that have their reports verified are in the industrial sectors (Figure 11). The mining sector has, with 50%, the highest proportion of companies that have their report verified. This is perhaps not surprising, because these sectors are often subject to more pressure from stakeholders to be transparent and to have information independently verified. This is however now changing, with other sectors realising the value of verification. For example within the finance sector 28% of the companies had verified reports.

GFT250

Meaningful comparisons could not be made for all sectors in the GFT250, as a result of relatively few companies in some sectors. As with the Top 100, industrial sectors generally have higher proportions of companies that have their reports verified than non-industrial sectors. The oil & gas sector is leading with 64% (7 out of 11) of companies having their reports verified. As with the Top 100 an exception to the general trend is the finance sector, with 56% (9 out of 16) of companies having their reports verified.

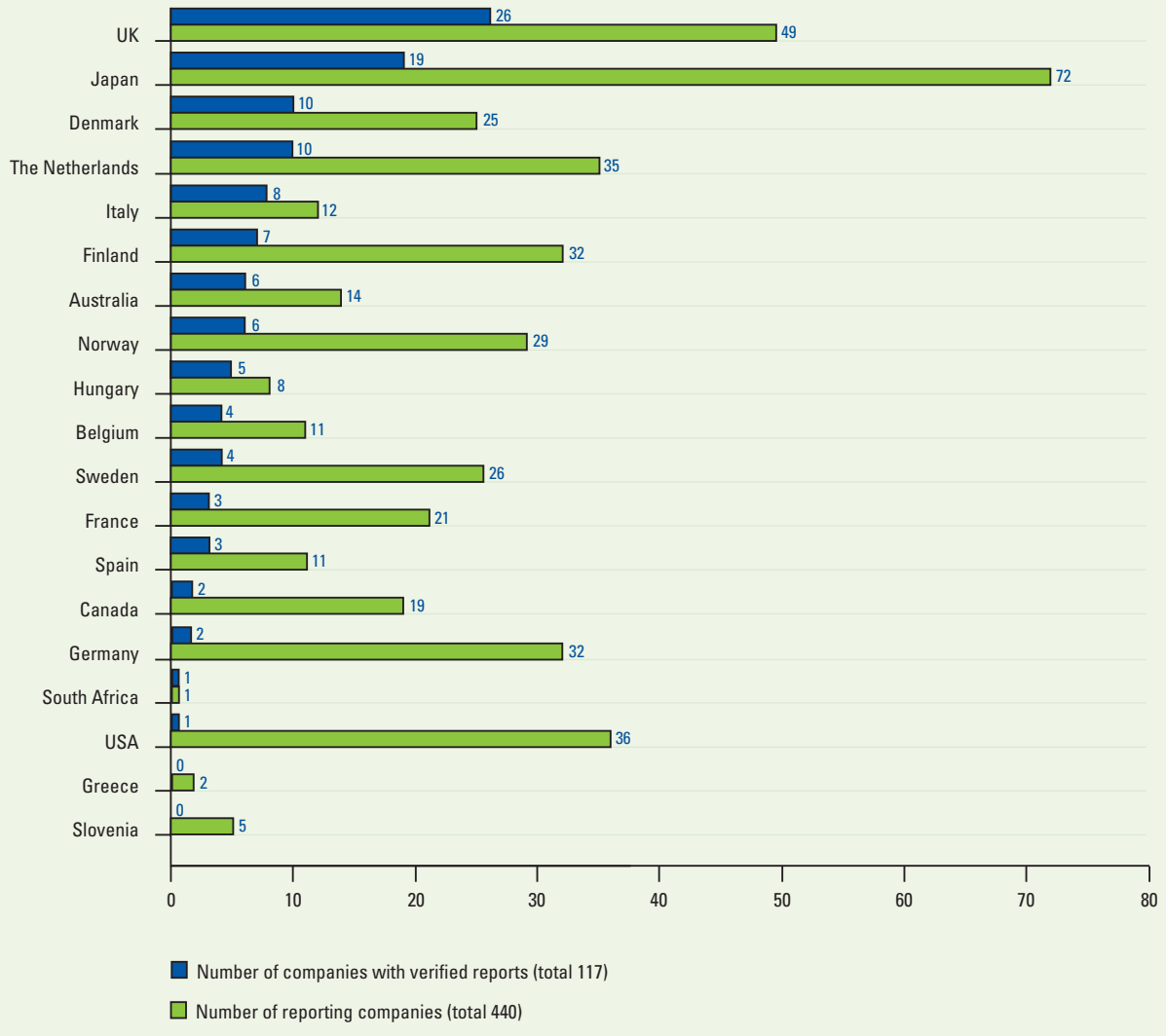
Figure 11 Number of reporting companies with verified report by sector, Top 100 in 19 countries (2002)



6.3 Country results

Figure 12 provides a breakdown of the number of companies that issue reports within each country against the number that are verified. The results for the Top 100 show that in countries where there are large numbers of reporting companies, there are also relatively large numbers of companies that have their reports verified. For example in Japan, 72 companies issue reports and of these 26% have their reports verified, in the UK there are 49 companies with 53% verified, in the Netherlands 35 companies with 29% verified. There is an exception to this in the USA and Germany, where there is also a high rate of reporting companies with 36 (US) and 32 (Germany) but few have their reports verified; only 3% in the USA and 6% in Germany. The results from the GFT250 are in line with this.

Figure 12 Number of reporting companies with verified report by country, Top 100, 19 countries (2002)

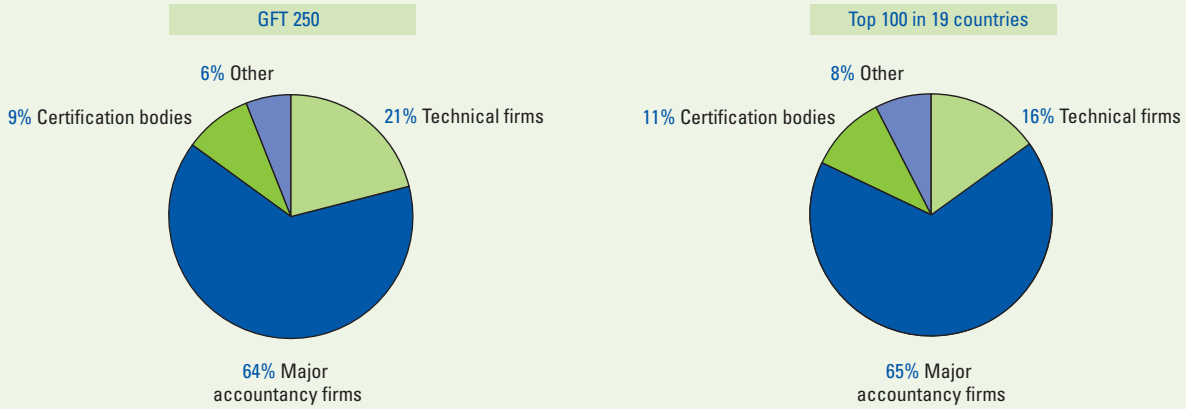


6.4 Choice of verifier

A breakdown of the verifying parties that issue verification statements is shown in Figure 13. The research shows that major accounting firms signed the highest number of verification statements with 64% of the 33 GFT250 companies and 65% of the 117 Top 100 companies.

This may in turn lead to an evolution in assurance methods to ensure that these reflect the needs and interests of the various stakeholder groups. For example, as standards in environmental and social disclosure continue to develop, we expect that investors, the wider financial markets and regulators will require that (HS)E, social and other corporate reporting be audited in line with that of financial reporting. For example in the case of greenhouse gas data and for information required by Socially Responsible Investment (SRI) fund managers.

Figure 13 Verifying parties GFT250 and Top 100 (2002)



6.5 Developments in verification

Currently, there are no internationally accepted standards for providing assurance on social and environmental reports. Therefore, companies and verifiers continue to define the verification scope and approach on a case-by-case basis. The International Federation of Accountants (IFAC), which published the Standard for Assurance Engagements (ISA 100), provides voluntary guidelines on verification. Guidance is also provided by the Fédération des Expert Comptables Européens (FEE), the Global Reporting Initiative (GRI), and is proposed in the revision of the AA1000 series of standards on Social Accountability.

We believe that inconsistency in the approach to verification has adversely impacted the overall credibility of verification with stakeholders. There has also been criticism that third-party verification statements do not always convey the extent of the work undertaken and the extent of problems identified during the process. There are benefits, therefore, in companies increasing transparency about the overall findings of the assurance process within their own reporting.

We believe that the drivers that are encouraging companies to become more transparent will also drive increased openess about the nature and extent of the assurance process.

In addition, we expect that stakeholders will increase pressure on companies to provide assurance in relation to the environmental and social performance of the company, or of specific processes or products, based on the information reported.

These developments could also bring benefits to the reporting companies. A rigorous assurance process enhances the quality and credibility of the reports and highlights opportunities to improve the reporting processes and the information that they generate, ensuring that future reporting cycles are more efficient and less resource intensive. If implemented carefully, and integrated into existing business processes, verification can become a strong component of the overall corporate strategy to manage, monitor and report on key business risks. Verification can, in this way, help to create awareness amongst employees and support the process of change needed for improvement of business performance.

7 Issues and topics in corporate reporting

This section focuses on specific environmental issues, such as greenhouse gases, biodiversity, and on a variety of social issues and performance indicators mentioned in reports. We have selected these topics since we have identified them in practice as emerging topics of interest to reporting companies and their stakeholders. An overview of the use of standards and guidelines in sustainability reporting is also provided. Finally, a brief overview on stakeholder interaction, codes of conduct, and on business drivers for sustainability and sustainability reporting, with some examples from reports analysed as part of this survey. The opinions in this section are drawn in part from the results of the analysis of the GFT250 and in part from practical experience of KPMG Global Sustainability Services.

7.1 Environmental issues in corporate reporting

Greenhouse gases

The analysis of the 114 reports issued by the GFT250 showed that approximately 75% of companies mentioned climate change and global warming in their reports, confirming that the subject is firmly on the corporate agenda. In 2001, the Intergovernmental Panel on Climate Change (IPCC) published new and convincing evidence that global warming is occurring, and that this is very likely a result of increasing concentrations of greenhouse gases originating from human activities.[13]

Recognising the fact that scientific evidence points to the necessity to take action, even in the absence of international agreements, governments and enterprises are developing strategies to limit their greenhouse gas emissions.

The European Commission has launched its proposal for emissions trading throughout the European Union. This scheme will require mandatory participation by specific large emitting sectors, and is due to start in 2005. It is part of a wider package of measures proposed to reduce greenhouse gas emissions in the European Union, with many initiatives being developed by national governments.

The United Kingdom started its domestic emissions trading scheme in April 2002, and other member states are investigating possibilities of launching similar schemes. KPMG has been involved in the development of some of these schemes and considers that it provides a cost effective way of reducing greenhouse gas emissions, especially for internationally competing industries.[14]

While the United States has rejected the Kyoto Protocol and has no national greenhouse gas management strategy, the increasing membership in voluntary initiatives, such as Climate Change Partners, indicates that US-based companies see climate change as an environmental issue with significant business implications. This is supported by noting that US companies are developing greenhouse gas emission inventories, setting emission reduction targets, and are participating in independent emission credit trading schemes, such as the Chicago Climate Exchange (CCX).

In spite of an uncertain international policy environment, scientific evidence provides the drivers for governments to press ahead with emission reduction policies. This will result in an economy where greenhouse gas emissions will carry a price tag. Corporate strategies for coping with the effects of climate change policies require reliable and quantitative information on emission levels. Developing greenhouse gas inventories should therefore be the first priority for companies wishing to develop a climate change strategy.

Biodiversity

Biodiversity is defined simply as the diversity of species, diversity of the habitats in which they live, and genetic diversity within species. Global diversity is being lost at an unprecedented rate. In much the same way as 10 years ago, the effects of greenhouse gas emissions were hard to quantify and understand, the full implications of this loss of biodiversity are not yet known.

[13] In 1997, the Kyoto Protocol was developed, aimed at reducing greenhouse gas emissions in the period 2008-2012 to 5% below the 1990 emission levels. International negotiations have not yet resulted in ratification of the Kyoto Protocol, although agreement from all key nations, except the USA, was achieved in Marrakesh in 2001.

[14] Any policy measure aimed at emission reductions requires reliable information on greenhouse gas emissions at corporate level. A methodology to allow companies to estimate their greenhouse gas emissions became available when the World Business Council on Sustainable Development and the World Resources Institute released the Greenhouse Gas Protocol in 2001. KPMG participated in the development of this protocol. We consider that a widely accepted common methodology is necessary for putting into place climate change policy measures..

Of all GFT250 companies issuing a report, 14% (16 out of 114) address biodiversity. A parallel can be drawn with the response to climate change some 10 years ago. A limited number of leading companies actively addressed the management of their climate change impacts at that point. Now the less proactive companies are moving to address these same impacts. As a resource extractor the oil & gas sector is leading in addressing biodiversity as a topic of interest, they are followed by the trade & retail sector. This suggests that as companies have more mature environmental management systems and begin to examine their supply chain for environmental and social impacts, biodiversity as a secondary impact is moving up the agenda.

7.2 Social issues in corporate reporting

Social topics

The number of reports that focus on sustainability, or social issues, has increased since the 1999 survey. Of the 114 corporate reports published by the GFT250, 33 are either primarily concerned with sustainability, are primarily social, or are combined social and environmental reports. It is clear that social topics in reports are gaining further attention.

Table 1 gives an overview of the extent to which the analysed reports pay attention to a selected set of social topics.

Table 1 Social topics addressed in GFT250 reports

Topics	(%)
Community involvement	97
Health and safety	91
Equal opportunity/workforce diversity	88
Employee satisfaction	67
Human rights in general	55
Supplier relations	39
Child labour	36
Freedom of association	27
Fair trade / international development	18
Corruption	15

From the analysis, it can be concluded that 'traditional' reporting topics score highest. These relate to health and safety (usually included in environmental/HSE reports), employee relationships, and philanthropic/charitable contributions (frequently covered in community reports). Companies have started to embark on a path of concern for a wider set of topics. For example, referring to more 'external' topics such as supplier relations. The 'external' topics mentioned most frequently are human rights and child labour.

Social performance indicators

Companies not only discuss social issues in their report, but have started to determine performance indicators to measure their social performance and to set targets. This is reflected through the key topics and the use of social performance indicators used in reports. Table 2 lists the five indicators that are used most frequently. It should be recognised, however, that for many of the 'softer' social and ethical issues it may not be possible for companies, at the moment, to set a hard performance metric and that much of this type of reporting will remain qualitative with respect to the processes and values in place in the company, as well as the outcomes.

Table 2 Top 5 social performance indicators

Topics	(%)
Accident/injury frequency	76
Community spending	48
Women in staff/management	42
Staff diversity	27
Supplier diversity	12

The most frequently used indicators focus on employee health and safety, followed by charitable contributions, and indicators of workforce diversity (including percentages of women, minorities and/or disabled staff). In the case of supplier diversity, purchases from minority businesses and those owned by women are taken together. US companies predominantly use this latter indicator for their US suppliers as a result of public pressures for diversity.

7.3 Standards and guidelines

All reports (114) of the GFT250 companies were analysed for references to the different categories of standards and guidelines listed in Table 3. For many companies, there is a strong need for guidance on how to improve their performance in the field of sustainability and how to report on these issues. Most companies refer to international standards for management systems, such as ISO 14001, and reporting standards such as GRI. Voluntary international codes such as the International Chamber of Commerce Business Charter for Sustainable Development and CERES principles are also often cited. This is unsurprising, since many of the GFT250 are multinational companies. A relatively low fraction of the companies refer to standards issued by government and international conventions.

Table 3 Standards mentioned in GFT250 reports

Standard/code	(%)
International management/ reporting/performance standards	78
Voluntary international codes	32
Standards issued by government	19
International conventions	18

7.4 Stakeholder dialogue, codes of conduct and partnerships

Stakeholder dialogue is reciprocal communication between a company and its stakeholders. As stakeholders become more active, as dilemmas become more complex and as stakeholders are able to make a greater contribution to the development and evaluation of the company policy, holding regular discussions with stakeholders becomes more important.

Whilst all reporting companies analysed underline the importance of communication with their stakeholders, some have explicitly singled out 'key stakeholders'.[15] In 20% of the analysed reports, the main stakeholders have been restricted to a small number of interest groups, mainly:

- Employees
- Customers
- Shareholders
- Society/communities (or 'the planet and its people')

For stakeholder interaction, companies most frequently use community panels or fora, and staff surveys (Table 4). To express different stakeholder views, it has become common to include stakeholder statements in reports. Examples reviewed include both internal and external stakeholders (management and staff, and NGOs).

Table 4 Most common fora of stakeholder interaction mentioned in GFT250 reports

Form	(%)
Inclusion of stakeholder statements in report	39
Staff surveys	36
Community panels or forums	36

Other forms of stakeholder interaction identified in the analysed reports include: workshops with 'combined stakeholder dialogues on specific issues' or meetings with external experts. Occasionally 'community/external stakeholder surveys' are included. Generally, the stakeholder statements included in the reports are positive, but some companies incorporate negative feedback as well.

Some companies have also given detailed information on opinion polls and surveys conducted amongst their employees.

[15] This analysis includes the 33 either primarily sustainability, primarily social, or a combination of social and environmental reports.

In the performance metrics section of its sustainable growth report, **Conoco** gives the results of its latest global employee opinion survey, held bi-annually, comparing 1999 to the 1997 results. Employee perceptions are presented on a variety of issues, including safety, health and environment, ethics, accountability, diversity, personal respect and open, two-way communication.

We have the impression that stakeholder interaction with new groups of stakeholders is *terra incognita* for many companies, as they lack experience of stakeholder dialogue processes.

In many cases, stakeholder interaction is not a structured process and the number of stakeholder groups may be restricted. Changes are visible, however, as companies move up the learning curve. Including critical notes from stakeholders such as NGOs in reports, as some companies do, shows more confidence. The use of stakeholder surveys shows the way to a more structured approach. Remarkably, companies rank one group of stakeholders in this survey high on the list: the company's employees. Not surprisingly corporate reports are not only there for external purposes but also serve to raise awareness and help to manage changes internally.

Codes of Conduct

The analysis of the GFT250 shows that 64% of the reports refer in one-way or another to the company's own code.[16] A code of business conduct describes the responsibilities of a company towards its stakeholders and the way in which staff (should) put this into practice. A well-written code adds coherence in the multiplicity of company responsibilities and the information that is included in the report. The report, therefore, becomes more understandable, more accessible and more credible for internal and external stakeholders. Without a code of conduct a company may lose its way with respect to reporting and behaving responsibly.

Partnerships & non-governmental organisations

Many of the analysed GFT250 reports have references to partnerships.[17] Companies refer most to other business partners (56%), next to non-governmental organisations (40%) and government (34%). The term NGO covers a wide variety of organisations (Table 5). It shows the importance of civil society in the perception of businesses.

Table 5 Non-governmental organisations mentioned in corporate reports

Organisation	(%)
Local organisations	26
WWF	13
Nature Conservancy	11
Trade unions	7
World Resources Institute	4
Amnesty International	2
National Audubon Society	2
Transparency International	2

ING states in its report *ING in Society 2000; "Our clients, shareholders and other stakeholders not only look to ING to meet their individual needs; they also expect us to be a good corporate citizen in the many communities around the world where we do business."* In their report ING translated their stakeholder engagement into their reporting structure: instead of using the 'triple P approach', ING divided the report into stakeholder sections. The approach to all issues in the report is to show how value is added and/or how ING fulfils its stakeholders' demands. www.ing.com

[16] This analysis includes the 33 either primarily sustainability, primarily social, or a combination of social and environmental reports.
[17] This analysis includes the total number of reports (114).

7.5 Business drivers for sustainability

Within the analysed reports, the main business drivers for companies to engage in sustainable actions and reporting are:

- Enhancement and maintenance of reputation;
- Risk reduction;
- Establishing the company as an employer of choice;
- Helping a company to sustain business by reducing costs, creating new opportunities, generating additional revenue and building valuable relationships;
- Speed to market (new product/process development);
- Creating business partnerships with a range of organisations that share the standards and expectations of the company;
- Increasing market capitalisation.

Many companies are now establishing the business case for corporate reporting. Further examples are given below.

Electrolux, *Annual report 2000*

"The Green Range indicators measure sales and profitability for products with leading environmental performance, and in 2000 again showed that the Group's environmental strategy contributes to higher profitability…Within white goods in Europe, the products with the best environmental performance accounted for 17% of the total units sold in 2000, and 23% of gross profit."

Lafarge, *Building a Sustainable World – A First Report on our Economic, Social and Environmental Performance, 2001*

"How does Sustainability Create Value?" *"Lafarge is convinced that it is in its own business interest to pursue a sustainability strategy "*: Many examples support the business case for sustainability, such as:

- Costs reduction: *"Reducing inputs of limited natural raw materials or fuels, restricting waste production and using by-products from other industries already allow Lafarge to cut costs. Substitution of raw materials by industrial by-products or waste in cement production allows us to save more than 8 million dollars each year".*
- New market opportunities: *"New products will allow Lafarge to respond better to the emerging expectations of architects, companies, authorities and individuals. Since 1998, our sales of solar tiles in Germany and the Netherlands have increased by 600 %"*

Elais S.A, *Social Report 2000* "Environmental benefits"

Some examples of the environmental benefits achieved are the following: 80% reduction of drinking water usage (for the period from 1996 to 2000), 30% energy reduction in the production line, replacement of PVC containers with PET ones, thus reducing the total annual weight by 371 tonnes, and no usage of underground water, particularly important in an area with severe underground water salination problems. In addition, the implemented Occupational Health and Safety system has helped in reducing the Accident Lost Time to zero for both 1999 and 2000, while keeping the minor injuries to a steadily low level. Finally, the implemented Improvement Opportunities scheme gained high participation rates (89.2% of the employees made at least one improvement suggestion in 2000). In 2000 the savings obtained by implementing the improvement suggestions were GRD 672.8 million (Euro 2 million), while the total savings made since 1991, when the scheme was put in place, are up to GRD 8.8 billion (Euro 25.8 million).

E.I. du Pont de Nemours and Company, *2001 DuPont Sustainable Growth Excellence Awards*

"A New Business Model to Reduce Volatile Organic Compound Emissions" "A DuPont Canada team instituted a cost per unit programme as part of its relationship with Ford. Instead of being paid for volume sold, DuPont is paid for the number of automobiles painted. The fundamental shift in mindset from payment per gallon of paint to payment per unit has reduced costs while significantly reducing waste. Over the four-year term of the programme, Ford's emissions have been reduced by 50%. The combined efforts between Ford and DuPont have allowed the Oakville Assembly Plant to significantly reduce VOC emissions beyond the goal set by the Ministry of the Environment. The programme has positioned DuPont as a valued supplier to the Oakville Plant and to Ford overall. This team demonstrated that new ways of working in partnerships with customers can yield significant benefits to the business and to the environment. The new business model created a shared approach, allowing more involvement by DuPont in the finishing process."

A Comparison of the surveys, 1993, 1996, 1999 and 2002

Survey year	1993	1996	1999	2002
Countries included	10: Belgium, Canada, Denmark, France, Germany, Ireland, The Netherlands, Portugal, UK, USA	13: Australia, Belgium, Canada, Denmark, Finland, Germany, The Netherlands, New Zealand, Norway, Sweden, Switzerland, UK, USA	11: Australia, Belgium, Denmark, France, Finland, Germany, The Netherlands, Norway, Sweden, UK, USA	19: Australia, Belgium, Denmark, France, Finland, Germany, The Netherlands, Norway, Sweden, UK, USA, plus: Canada, Greece, Hungary, Italy, Japan, Slovenia, South Africa, Spain
Number of companies included in survey	810	1,300	1,100 (1,193 if top 250 are included)	1,900 (1,928 if top 250 are included)
Response rate	670 (85%)	903 (69%)	1,080 (98%)	GFT250: 241 (96%) Top 100: (97%)
No with env. report	105	220	267	307 environmental (314 if top 250 is included) 55 sustainability 107 other types of corporate reporting (109 if top 250 is included)

Differences between the 2002 results for the GFT250 and the Top 100 surveys:

The results of the two 2002 surveys included in this report cannot be directly compared for the following reasons:

- Of the top 250 companies of the Global Fortune 500 (GFT250), 24 are based in countries that were not included in the national top 100 survey.
- The sample from some countries in the GFT250 survey was small. Apart from the USA with 105, and Japan with 44 companies in the GFT250 list, other countries appearing in both surveys had an overlap of between 0 and 21 companies.
- Differences in sector distribution; for example, the financial sector is more prevalent in the GFT250 companies (including per country) than in the national top 100 companies.
- Small sector samples in the GFT250 survey. Some sectors appear only once or twice in the global top 250 list and, therefore, their results cannot be compared with the results from the national top 100 survey;
- The difference in the size of the organisations in the two surveys: the GFT250 companies are larger, of higher profile, and possibly more likely to undertake environmental or HSE, social or sustainability reporting (or combinations of these).

B Fortune sectors and clusters

For the 1999 study, the sector categorisation was based on the 1998 Global Fortune 500 list, which we adapted a little to provide logical clustering (see the table below). This sector classification was also applied to the Top 100 companies in the 19 countries.

This year, we used the same sector categories. The participating countries were asked to classify the companies accordingly.

Survey sectors	Fortune sectors[18]
Automotive	Motor vehicles and parts
Chemicals & synthetics	Chemicals, rubber and plastic products, soaps, cosmetics
Communications & media	Telecommunications
Construction & building materials	Building materials, glass, engineering, construction
Electronics & computers	Computer, office equipment, electronics, electrical equipment, network, other communications equipment, publishing, printing, scientific, photo, control equipment, semiconductors, other components.
Finance, securities, insurance	Banks: commercial and savings, diversified financials, securities, Insurance: life, health, p&c (mutual and stock)
Food & beverages	Beverages, food consumer products, food production, tobacco
Forestry, pulp & paper	Forest and paper products
Metals, engineering & other manufacturing	Aerospace, industrial and farm equipment, metals
Mining	Mining
Oil & gas	Petroleum refining, crude oil production
Other services	Computer services and software, diversified outsourcing services, entertainment, health care, mail, package and freight delivery
Pharmaceuticals	Pharmaceuticals
Trade & retail	Food services, food and drug stores, general merchandisers, specialty retailers, trading, wholesalers: electronics, office equipment, food and grocery, health care
Transport	Airlines, railroads
Utilities	Energy, utilities: gas and electric

[18] For this survey, Vivendi Universal (France) was listed in the Communication & media sector (GFT250: Construction & building materials), E.ON (Germany) was listed in the Utilities sector (GFT250: Trading & retail).

C Mandatory reporting

There are a number of countries that require companies to report on environmental and social related issues. This is a summary of some requirements in the countries surveyed.

European Union	■ Based on the **Integrated Pollution Prevention and Control Directive** (IPPC), Member States will be required to register emission data from large companies (so called IPPC installations) and report this data to the Commission.
Australia	■ **Corporations Law section 299 (1) (f)** was introduced in 1999 and requires companies that prepare a directors' report to provide details of the entity's performance in relation to environmental regulations. ■ **Financial Services Reform Act** was introduced in March 2002 and requires fund managers and financial product providers to state "the extent to which labour standards or environmental, social or ethical considerations are taken into account in the selection, retention or realisation of the investment." ■ **National Pollutant Inventory** requires industrial companies to report emissions and inventories for specific substances and fuel to regulatory authorities for inclusion in a public database (http://www.npi/gov.au).
Belgium	■ Article 4.1.8 of **VLAREM II** (1995) stipulates that certain companies have to issue an annual environmental report. Companies subject to this obligation are listed in Appendix 1 of VLAREM I and mainly concern Class I and Class II hazardous activities.
Canada	■ The **Securities Commission** requires public companies to report the current and future financial or operational effects of environmental protection requirements in an Annual Information Form.
Denmark	■ The **law on Annual Accounts**, introduced in 2001, requires reporting on intellectual capital resources and environmental aspects in the management report if it is material to providing a true and fair view of the company's financial position. ■ The law on **Green Accounts** and statutory order from the Ministry of Environment and Energy has been applicable since 1996 and obligates certain listed activities/companies to draw up green accounts.
France	■ **"Law n°2001-420 related to new economic regulations (Art. 116)"** (May 2001), environmental and social reporting is mandatory for publicly-quoted companies, starting with data for the 2002 financial year.
Norway	■ The **Accounting Act** (Regnskapsloven) (1999) requires that all companies include more detailed environmental information in Directors' reports in annual financial reports from 1999 onwards.
Sweden	■ **Amendment to the Annual Accounts Act** (Årsredovisningslagen) applicable since 1999. Companies that are required to have environmental permits or must notify the environmental authorities, have an obligation to include a brief disclosure of environmental information (mainly related to permit conditions and restrictions) in the board of directors' report section of the annual report.

The Netherlands	■ The **Environmental Protection Act** (1997) includes a section on environmental reporting. This section indicates which companies are required to report. To date, over 250 companies have each published two reports a year: one public report and one governmental report.
USA	■ **Toxic Release Inventory** (TRI), companies with more than 10 full-time employees are required to submit data on emissions of specified toxic chemicals to the Environmental Protection Agency. In addition, the Securities and Exchange Commission requires disclosures on legislative compliance, judicial proceedings and liabilities relating to the environment in Form K-10. *Under development:* ■ **Corporate Code of Conduct Act** (proposed August 2001): this Act requires US corporations that employ workers in foreign countries to make information available to the public concerning their protection of human rights, labour rights and the environment. ■ **The National Greenhouse Gas Emissions Inventory and Registry Act** (proposed in 2001) requires public and private entities to have established a mandatory greenhouse gas inventory, registry and information system that can be made available to private and public entities to design efficient and effective reduction strategies and to encourage reductions. ■ **The Children's Environmental Protection Act** (proposed May 2001) this Act amends the Emergency Planning and Community Right-to-Know Act of 1986 to include additional reporting standards on toxic chemical releases that affect children. We are not aware of any legislation on corporate reporting in, Finland, Germany, Greece, Hungary, Italy, Japan, Spain, South Africa and the UK.

D Standards and guidelines

There are a number of standards and guidelines on corporate management and reporting. Some of the main ones are outlined below.

International	■ **AA1000** (Accountability) 1999 - Guidance on how to establish a systematic stakeholder engagement process that generates the indicators, targets, and reporting systems needed to ensure its effectiveness in impacting on decisions, activities, and overall organisational performance. www.accountability.org.uk/aa1000/ ■ **ACCA** (The Association of Chartered Certified Accountants)- Environmental, Social and Sustainability reporting on the world wide web: A guide to best practice - Report gives guidance on how to go about reporting on the web, and the shortcomings of doing so. www.accaglobal.com/publications/environment ■ **CEFIC** (European Chemical Industry Council) Responsible Care Programme - Responsible Care is the worldwide chemical industry's commitment to continual improvement in all aspects of Health, Safety and Environmental performance and to openness in communication about its activities and achievements. www.cefic.be/about/ ■ **GRI** (Global Reporting Initiative) 2001 - Seeks to create a common framework for voluntary reporting on economic, environmental and social issues. The guidelines are currently being updated, with the 2002 version issued for public comment. www.globalreporting.org ■ **SA 8000** (Social Accountability) 2001 (revised) - A uniform, auditable standard for social accountability with a third-party verification system. Based on the principles of 11 Conventions of the International Labour Organisation (ILO), the Universal Declaration of Human Rights and the United Nations Convention on the Rights of the Child. www.cepaa.org/publications/sa8000.htm ■ **UNEP** (United Nations Environment Programme) - Seeks to encourage guidelines used in environmental reporting throughout the world www.unep.org
European	■ **EMAS** (Eco-Management Audit Scheme) 2001 (revised) - The Eco-Management and Audit Scheme allows voluntary participation, by companies in the industrial sector, in a community Eco-Management and Audit Scheme, and has a mandatory reporting requirement. ■ **Recommendation on the recognition, measurement and disclosure of environmental issues in the annual accounts and annual reports of companies** (2001/453/EC). The Recommendation covers the recognition and measurement of environmental liabilities, the recognition of environmental expenditure and related disclosures.
By Country	
Australia	■ **Australian Minerals Industry Code for Environmental Management 2000** – All resource sector companies. Guidelines (published by the Minerals Council of Australia) provide a framework for environmental reporting. http://www.minerals.org.au ■ **Public Environmental Reporting Framework 2000** - All companies, framework guiding companies through the process of environmental reporting. www.ea.gov.au/industry/sustainable/per/publications.html
Canada	■ **VCR** (Voluntary Challenge Registry) 1998 - Greenhouse Gas Emissions Set of reporting standards. www.vcr-mvr.ca/home_e.cfm

Denmark	■ **Guideline on companies voluntary reporting** of social responsibility reporting ■ **Guideline for Intellectual capital statements** - a key to knowledge management 2001 - http://www.efs.dk ■ **Nørby-udvalgets** rapport om Corporate Governance i Danmark 2001 - A set of recommendations on how to implement Corporate Governance in companies. www.corporategovernance.dk ■ **Social-ethical accounts** 2001 - Published by the Danish Ministry of Social Affairs, as a help to private and public companies that wish to draw up a report on their social and ethical initiatives. www.sm.dk
France	■ **Le rapport environnement 1996** - Issues regarding environmental reporting: shareholders expectations. Principles of environmental accountability. Data collection and presentation (ideal summary), issues related to external verification.
Germany	■ **DIN 33922 Environmental Reports for Public** 1997, Institut für Ökologische Wirtschaftsforschung – www.ioew.de
Italy	■ **GBS** 2001 - Guidelines for social report. L'Associazione Bancara Italiana ABI/IBS 2001 – Guidelines for social reporting in the financial sector: issued by the Italian Bank Association. http://www.abi.it/jhtml/home/home.jhtml
Japan	■ **Environmental Reporting Guidelines** 2001- (Ministry of Environment, Japan) - http://www.env.go.jp/en/eco/erg2000.pdf ■ **Environmental Performance Indicators** 2001 - for business (Ministry of Environment), CER Issuers. http://www.env.go.jp/en/eco/epi2000.pdf
Norway	■ **NHO** (Næringslivets Hovedorganisasjon) – Recommendations from the Employers' organisation, based on existing guidelines and standards. www.nho.no
Sweden	■ **SFF** (Swedish Federation of Financial Analysts) - recommendations on environmental information in the 2000 annual report - Financial analysts and companies listed on the Stockholm stock exchange.
South Africa	■ **King II Report on Corporate Governance 2002** – Guidelines on good corporate governance, including on integrated sustainability reporting. www.iodsa.co.sa
UK	■ **ABI** (Association of British Insurers) Guidelines 2001 - Guidelines on what and how institutional investors expect companies to report. Guidelines are on disclosure of social, environmental and ethical responsibility, policy and practice, which needs to be addressed by companies in their annual financial statements. www.abi.org.uk/ ■ **DEFRA** (Department for Environmental, Food & Rural Affairs) 2001- General guidelines for environmental reporting on greenhouse gas emissions, on waste and on water. www.defra.gov.uk/environment/envrp/guidelines.htm ■ **PERI** (Public Environmental Reporting Initiative) 1993 - These Guidelines provide a tool for organisations to produce a balanced perspective on their environmental policies, practices and performance. www.ibm.com/ibm/environment/initiatives/peri.phtml

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